

Article III

Employment of Labor

1. In providing services and related programs in the Federated States of Micronesia pursuant to Article II of Title Two of the Compact, as amended, any other provision of the Compact, as amended or pursuant to any other provision of United States law, the Federal agencies, United States contractors and local contractors:
 - (a) may employ persons possessing requisite skills and qualifications. Employment preference shall be given, without discrimination, to citizens, nationals and persons residing permanently in the Federated States of Micronesia, and to citizens, nationals, and lawful permanent residents of the United States. In the employment of such persons pursuant to the preferences set forth in this paragraph, the Federal Agencies and the United States contractors shall exercise their best efforts to employ persons present in the Federated States of Micronesia.
 - (b) shall use, without discrimination, consistent with the laws and regulations of the United States, qualified local contractors and contractors which are legal entities of the United States. The Federal Agencies and United States contractors shall ensure that the specifications and instructions for contract bids shall permit such free and full competition as is consistent with the procurement of the goods and services needed by the Government of the United States.
2. Prior to the employment of third country personnel or the use of third country contractors, the Government of the United States shall notify the Government of the Federated States of Micronesia and shall consult, if requested, with that Government as to the availability of qualified local hire personnel or qualified local contractors.
3. The laws and regulations of the Federated States of Micronesia shall not apply to the terms and conditions of employment of United States personnel by Federal agencies, or United States contractors. The Government of the Federated States of Micronesia shall not require United States personnel, third country contractor personnel or United States contractors to obtain any license, permit or certificate, or to undergo any examination, in connection with the performance of their duties on behalf of Federal agencies.
4. In the employment of local hire personnel by the Federal agencies and United States contractors, the Government of the United States shall adopt measures

consistent with the standards of local labor laws to the extent they are compatible with laws, regulations and operational requirements of the United States.

Article IV

Entry and Departure

Entry and Departure

1. The Government of the United States may bring into the Federated States of Micronesia:
 - (a) United States personnel and United States contractors; and
 - (b) Third country contractor personnel in a manner consistent with those laws of the Federated States of Micronesia relating to the exclusion of individual, undesirable aliens and taking into account paragraph 5 of this Article and Article III of this Agreement.
2. United States personnel shall be exempt from the visa laws and regulations of the Federated States of Micronesia. Taking into account paragraph 1(b) of this Article and Article III of this Agreement, applications of third country contractor personnel for visas shall be adjudicated expeditiously. All such personnel shall comply with the medical immunization requirements of the Federated States of Micronesia.
 - (a) No United States personnel or third country contractor personnel shall acquire any right to remain permanently in the Federated States of Micronesia solely as a result of their being United States personnel or third country contractor personnel.
 - (b) United States personnel shall be exempt from laws and regulations of the Federated States of Micronesia on the entry, departure, registration and control of aliens and foreign agents.
3. Upon entry into or departure from the Federated States of Micronesia, United States personnel shall have in their possession official orders or documents certifying the status of the individual or group. Such orders or documents shall be shown on request to the appropriate authorities of the Government of the Federated States of Micronesia.
4. For the purpose of their identification while in the Federated States of Micronesia, all United States personnel described in Article I, paragraph (d)(1) of this Agreement, shall have in their possession a personal identification card authorized by the Government of the United States which shall show the name, date of birth, status, and photograph of the bearer. Such card shall be shown on request to the appropriate authorities of the Government of the Federated States of Micronesia.

5. If the Government of the Federated States of Micronesia requests the removal from the Federated States of Micronesia of any United States personnel or any third country contractor personnel, the request shall be directed to the United States diplomatic representative. Upon receipt of such request, the United States diplomatic representative shall consult with the Government of the Federated States of Micronesia on the appropriate action to be taken regarding removal. If the Government of the United States and the Government of Federated States of Micronesia so determine, the person whose removal has been requested shall immediately become subject to the jurisdiction of the Government of the Federated States of Micronesia in accordance with its laws.
6. Transportation costs attendant to the departure and removal of third country contractor personnel shall be the responsibility of the Government of the United States.

Article V

Implementation of Section 223 of the Compact, as Amended,
and Title to Property

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Implementation of Section 223 of the Compact, as amended
And Title to Property

1. Specific arrangements for the establishment and use by the Government of the United States of facilities or areas for Federal agencies in the Federated States of Micronesia that were in effect before the effective date of this Agreement, as amended, shall continue in effect, unless otherwise mutually agreed. Any specific arrangements for the establishment and use by the United States Government of other facilities or areas for Federal agencies in the Federated States of Micronesia shall be set forth in Exchanges of Notes, which, when signed, shall be annexed to this Agreement as an Annex.
2. If, in the exercise of its authority and responsibility under Article Three of Title One, Title Two of the Compact, as amended, and unless otherwise provided by any other United States law, the Government of the United States requires the use of facilities or areas in the Federated States of Micronesia in addition to or in place of those covered in paragraph (1) of this Article, it may request the Government of the Federated States of Micronesia to satisfy those requirements through leases or other arrangements. The Government of the Federated States of Micronesia shall sympathetically consider any such request and shall establish suitable procedures and provide a prompt response to the Government of the United States.
3. If the Government of the Federated States of Micronesia requires for some other purpose the use of facilities or areas which have been provided the Government of the United States pursuant to this Agreement, the Government of the Federated States of Micronesia shall request the Government of the United States to accept equivalent facilities or areas. The Government of the United States shall sympathetically consider any such request and provide a prompt response. Any pertinent agreement shall be effected in accordance with paragraph 2 of Article XIV of this Agreement.
4. Title to any property which remains vested in the Government of the United States pursuant to section 234 of the Compact on the day prior to the effective date of this Agreement, as amended, shall continue after the effective date of this Agreement, as amended.

5. Title to improvements to real property or to any item of equipment or other *personal property hereinafter furnished, acquired, supplied, constructed or purchased by or with funds provided by the Government of the United States in connection with the programs and related services set forth in this Agreement is vested in the Government of the United States, except where expressly sold or otherwise conveyed.*
6. Upon relinquishing facilities or areas designated for Federal agency use, or a portion thereof, whether at the termination of a specific service and its related programs or at an earlier date, the Government of the United States shall not be obligated to restore any such site or portion thereof to its former condition, or to make compensation in lieu of such restoration. The Governments of the United States and the Federated States of Micronesia may otherwise agree, based on considerations including the existence of conditions substantially or materially hazardous to human life, health and safety.
7. The Government of the United States has the right to remove any installations or improvements that it has constructed on an area designated for Federal agency use. If any installations or improvements which were constructed at the expense of the Government of the United States are to be left behind after relinquishing facilities or areas designated for Federal agency use, or a portion thereof, the Government of the Federated States of Micronesia and the Government of the United States shall consult to determine the residual value, including scrap value, if any, of any such installations or improvements to the Government of the Federated States of Micronesia and to agree upon an appropriate method of compensating the Government of the United States for such residual value.
8. Except as may be otherwise expressly agreed, the Government of the United States, Federal agencies and United States contractors shall retain title to equipment, materials and other movable property brought into or acquired by them in the Federated States of Micronesia and may remove such property at any time from the Federated States of Micronesia, or dispose of it therein.

Article VI

Postal Services and Related Programs

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Postal Services and Related Programs

1. The Government of the Federated States of Micronesia shall maintain responsibility pursuant to its laws and regulations for all local postal services.
2. The Government of the Federated States of Micronesia shall be responsible for all its own postal staff, facilities and equipment.
3. The Government of the Federated States of Micronesia shall issue postage stamps and other prescribed postal indicia which shall be used for prepayment of postage rates and other postal charges on all mail originating in its territory, except for mail sent through the military postal system provided for in Article VII of the Status of Forces Agreement Concluded Pursuant to Section 323 of the Compact of Free Association.
4. The United States Postal Service shall provide the following services for the Federated States of Micronesia for a period of 20 years commencing on the effective date of this Agreement without compensation by The Government of the Federated States of Micronesia; provided that the United States Postal Service is reimbursed for the provision of such services from funds appropriated by the United States Congress in implementation of this agreement:
 - (a) The United States Postal Service shall maintain a reasonable and cost effective level of service for conveyance of mail to and from the United States and between the exchange offices of the Federated States of Micronesia as designated in paragraph 7, and
 - (b) dispatch, documentation, statistical, accounting, and settlement operations in connection with the international exchange of mail with other countries.

Express Mail without a guarantee (EMS); registered mail; insured parcel service; recorded delivery and money orders shall be made available only as provided in a further agreement to be negotiated with the United States Postal Service. COD (cash on delivery) orders will no longer be available.

5. The Government of the Federated States of Micronesia shall undertake to protect the postal services provided by the Government of the United States from exploitation for the monetary gain of private or government organizations or of individuals or of commercial enterprises, including the posting of bulk mail, books, catalogues, goods or materials.

The Government of the United States shall provide mail service pursuant to this Agreement with the understanding that the volume of mail may increase in proportion to population increases and ordinary growth of local commercial enterprise. Until January 1, 2009, should an increase in the volume of mail of twenty percent or more within a twelve-month period be anticipated or experienced by The Government of the Federated States of Micronesia, the Government concerned shall enter into a separate agreement with the Government of the United States which shall establish the amount of reimbursement to be paid to the Government of the United States for the volume in excess of twenty percent. After January 1, 2009, and at five-year intervals thereafter, the figure of twenty percent will be reviewed by both parties.

At the discretion of the United States Postal Service and under such terms and conditions as the United States Postal Service may require, including financial accountability and volume limits, mail bearing postage of the Federated States of Micronesia may be accepted at one or more post offices designated by the United States Postal Service within the fifty United States as if it were accepted and mailed from the Federated States of Micronesia. Mail accepted at such a designated post office within the continental United States on behalf of the Federated States of Micronesia shall not be included when calculating volume growth. The Federated States of Micronesia may use their own stamps, but can only use this type of postage for the commercial advancement of their philatelic initiatives.

6. The Government of the Federated States of Micronesia shall ensure that all mail turned over to the United States Postal Service for conveyance to the United States or other countries complies with the postal conventions to which the United States adheres and with the postal laws and regulations of the United States. International documentation (parcel bills for registered and insured parcels, letter bills for registered letters, and AV-7/CN-38 manifests for Express Mail) shall be required for those special services provided between the exchange offices of the Federated States of Micronesia and designated exchange offices of the United States. Pursuant to paragraph 14 of this Article, the Government of the United States shall, upon request, assist The Government of the Federated States of Micronesia in developing local practices and procedures to fulfill the requirements of this paragraph.
7. Except as noted in paragraph 5, pursuant to this Agreement, mail shall be exchanged at the exchange offices designated in this paragraph and outgoing mail from the Federated States of Micronesia shall be merged with United States mail for conveyance to the United States or to other countries. Such outgoing mail from the Federated States of Micronesia shall be treated as though it were mail from the United States for dispatch, documentation, statistical, accounting and settlement operations with other countries. The four designated exchange offices

shall be located in the Federated States of Micronesia at Kosrae, Pohnpei, Chuuk and Yap.

8. The Government of the Federated States of Micronesia may determine postal rates for internal mail to local addresses within the Federated States of Micronesia.
9. After the effective date of this agreement, The Government of the Federated States of Micronesia shall be responsible for determining the postal rates for mail being sent from addresses in the Federated States of Micronesia to addresses in the United States and to other countries. The floor established for postage rates of mail from the Federated States of Micronesia to the United States shall be the published United States domestic postage rates at the time. The floor established for postage rates of mail from the Federated States of Micronesia to other countries, shall be the published United States standard international postage rates at the time. The Government of the Federated States of Micronesia may agree to establish a floor of United States domestic postage rates for mail exchanged between addresses of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. After the effective date of this Agreement, the United States Postal Service may establish special cost-related international rates or may opt to establish standard international rates and classifications for mail from the United States to the Federated States of Micronesia, provided that international rates will be phased in over a period of not less than five (5) years, beginning no sooner than 2006.
10. Revenues derived from the sale of stamps issued by The Government of the Federated States of Micronesia for postal services or for philatelic purposes shall be retained by The Government of the Federated States of Micronesia. The Government of the Federated States of Micronesia agrees to provide, pursuant to their constitutional processes, adequate funding for the operation of their postal services in a manner which will allow the United States Postal Service to perform its responsibilities under this Agreement in an efficient and economical manner, with any disputes arising under this paragraph to be resolved pursuant to Article II of Title Four of the Compact.
11. Liability for the loss of registered and insured items (as may be further agreed to pursuant to paragraph 4) shall rest with the Government which, having received it without comment, cannot prove either delivery to the addressee or correct transfer to another administration. Pursuant to paragraph 14 of this Article, the Government of the United States shall, upon request, assist The Government of the Federated States of Micronesia in developing local practices and procedures to fulfill the requirements of this paragraph.

12. The Government of the Federated States of Micronesia shall not impose any terminal dues or other charges on the United States Postal Service or the postal administrations of any other governments for mail conveyed to the Federated States of Micronesia by the United States Postal Service pursuant to this Agreement.
13. One year from the effective date of the Agreement, the Federated States of Micronesia shall discontinue the sale of Postal Money Orders on USPS forms in accordance with USPS regulations. One year from the effective date of this Agreement, the Federated States of Micronesia shall return to the United States Postal Service all devices used for the imprinting of Postal Money Orders and shall remit to the United States Postal Service all amounts collected in conjunction with the issuance of Postal Orders issued on USPS forms, including the Postal Money Order fees. Within one year following the effective date of this Agreement, the United States Postal Service shall enter into discussions with the Federated States of Micronesia for the exchange of Postal Money Orders under separate Money Order Agreements.
14. Pursuant to this Agreement, the United States Postal Service may provide such technical assistance (including technical assistance to provide any employee training) as the United States Postal Service and appropriate officials authorized to act on behalf of The Government of the Federated States of Micronesia mutually agree to be necessary and appropriate. This technical assistance would not require compensation from the Federated States of Micronesia, provided that the United States Postal Service is reimbursed the costs of such technical assistance from funds appropriated by the United States Congress. In addition, appropriate officials of the Federated States of Micronesia shall consult with the United States Postal Service with regard to fiscal planning and postal administration for the purpose of promoting economical and efficient postal services and programs.
15. United States Postal Service Inspectors, in concert with the Federated States of Micronesia law enforcement agencies, shall be authorized to investigate any incident, issue or claim regarding mail originating from the United States destined for the Federated States of Micronesia, and to seek reimbursement (as pursuant to paragraph 14) for any cost associated with such investigations.
16. The obligations of the Governments signatory to this Agreement under this Article shall terminate 20 years after the effective date of this Agreement. Prior to the termination of this Agreement, the United States Postal Service and The Government of the Federated States of Micronesia shall enter into bilateral arrangements to establish mutually acceptable terms and conditions for the exchange of the mail between the United States and the Federated States of Micronesia.

17. As mutually agreed, the United States shall assist The Government of the Federated States of Micronesia in acquiring membership in relevant international or regional postal organizations.